



Income and Corporation Taxes Act 1988

1988 CHAPTER 1

PART I

THE CHARGE TO TAX

Income tax

[^{F1}1A Application of lower rate to income from savings and distributions.

- (1) Subject to sections 469(2) and 686, so much of any person's total income for any year of assessment as—
 - (a) comprises income to which this section applies, and
 - (b) in the case of an individual, is not income falling within section 1(2)(b), shall, by virtue of this section, be charged for that year at the lower rate, instead of at the rate otherwise applicable to it in accordance with section 1(2)(aa) and (a).
- (2) Subject to subsection (4) below, this section applies to the following income—
 - (a) any income chargeable under Case III of Schedule D other than—
 - (i) relevant annuities and other annual payments that are not interest; and
 - (ii) amounts so chargeable by virtue of section 119 or 120;
 - (b) any income chargeable under Schedule F; and
 - (c) subject to subsection (4) below, any equivalent foreign income.
- (3) The income which is equivalent foreign income for the purposes of this section is any income chargeable under Case IV or V of Schedule D which—
 - (a) is equivalent to a description of income falling within subsection (2)(a) above but arises from securities or other possessions out of the United Kingdom; or
 - (b) consists in any such dividend or other distribution of a company not resident in the United Kingdom as would be chargeable under Schedule F if the company were resident in the United Kingdom.
- (4) This section does not apply to—

Status: Point in time view as at 29/04/1996. This version of this provision has been superseded.

Changes to legislation: Income and Corporation Taxes Act 1988, Section 1A is up to date with all changes known to be in force on or before 05 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (a) any income chargeable to tax under Case IV or V of Schedule D which is such that section 65(5)(a) or (b) provides for the tax to be computed on the full amount of sums received in the United Kingdom; or
 - (b) any amounts deemed by virtue of section 695(4)(b) or 696(6) to be income chargeable under Case IV of Schedule D.
- (5) So much of any person's income as comprises income to which this section applies shall be treated for the purposes of subsection (1)(b) above and any other provisions of the Income Tax Acts as the highest part of his income.
- (6) Subsection (5) above shall have effect subject to section 833(3) but shall otherwise have effect notwithstanding any provision requiring income of any description to be treated for the purposes of the Income Tax Acts (other than section 550) as the highest part of a person's income.
- (7) In this section "relevant annuity" means any annuity other than a purchased life annuity to which section 656 applies or to which that section would apply but for section 657(2)(a).]

Textual Amendments

- F1** [S. 1A](#) inserted (with effect in accordance with [s. 73\(3\)](#) of the amending Act) by [Finance Act 1996](#) (c. 8), [s. 73\(1\)](#)

Status:

Point in time view as at 29/04/1996. This version of this provision has been superseded.

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